

To:

Investment Managers;

Investment Fund Selling Agents;

Custodian Banks;

Association of Indonesian Mutual Fund Managers;

Association of Indonesian Custodian Banks;

FINANCIAL SERVICES AUTHORITY CIRCULAR LETTER

NUMBER 07/SEOJK.04/2014

CONCERNING

APPLICATION OF DIRECT MEETING (FACE TO FACE) ON ACCEPTANCE OF
INVESTMENT FUND HOLDERS THROUGH ELECTRONIC ACCOUNT OPENING,
AND PROCEDURES ON ELECTRONIC SUBSCRIPTION AND REDEMPTION OF
INVESTMENT FUND

In the implementation of Bapepam-LK Rule Number IV.B.1, Attachment Attachment of Decision of the Chairman of Bapepam-LK Number: KEP-552/BL/2010 dated 30 December 2010 concerning Guidelines For Management of Investment Fund In The Form of Collective Investment Contracts, Bapepam Rule Number IV.A. 3, Attachment Attachment of Decision of Chairman of Bapepam Number: Kep-13/PM/2002 dated 14 August 2002 concerning Guidelines for Management of a Corporate Investment Fund, Bapepam-LK Rule Number V.D.10, Attachment Attachment of Decision of the Chairman of Bapepam-LK Number: KEP-476/BL/2009 dated 23 December 2009 concerning Know Your Customer Principles By Financial Service Providers in the Capital Market Area and to increase the number of and expand the Investment Fund investors, the Financial Services Authority needs to regulate Application of Direct meeting (face to face) On Acceptance Of Investment Fund Holders Through Electronic Account Opening, And

Procedures On Electronic Subscription And Redemption Of Investment Fund in Financial Services Authority Circular Letter as follows:

I. GENERAL PROVISION

1. In this FSA Circular Letter:

- a. Commercial Bank is Commercial Bank as referred to in Law Number 10 Year 1998 concerning Amendment of Law Number 7 Year 1992 concerning Banking, that has a partnership agreement with the Investment Manager, which contain provisions:
 - 1) in implementing the know your customer principles, Commercial Bank have conducted direct meeting (face to face), with prospective Investment Fund holder; and
 - 2) Investment Manager may use those direct meeting (face to face) as part of their know your customer principles implementation.
- b. Investment Fund Selling Agent is Investment Fund Selling Agent as referred to in Bapepam-LK Rule Number V.B.3, Attachment Attachment of Decision of the Chairman of Bapepam-LK Number: KEP-10/BL/2006 dated 30 August 2006 concerning Registration of Investment Fund Selling Agent, that conducts Electronic Subscription and Redemption of Investment Fund.
- c. Electronic Subscription and Redemption of Investment Fund is a subscription and/or redemption of Investment Fund through electronic media, including the internet or other electronic media which transaction proof provided by the Investment Manager in the form of printed and/or printable electronic document.

2. Electronic subscription and redemption of Investment Fund shall comply with:

- a. Law Number 11 Year 2008 concerning Information and Electronic Transactions and its implementing regulations;
- b. Bapepam Rule Number IV.A.3, Attachment of Decision of Chairman of Bapepam Number: Kep-13/PM/2002 dated 14 August 2002

concerning Guidelines for Management of Corporate Investment Fund;

- c. Bapepam-LK Rule Number IV.B.1, Attachment of Decision of the Chairman of Bapepam-LK Number: KEP-552/BL/2010 dated 30 December 2010 concerning Guidelines for Management of Investment Fund in the Form of Collective Investment Contracts;
- d. Bapepam Rule Number IV.A.5, Attachment of Decision of Chairman of Bapepam Number: Kep-21/PM/1996 dated 17 January 1996, concerning Guidelines for the Safekeeping Custodial Contracts of Corporate Investment Fund Assets;
- e. Bapepam Rule Number IV.A.4, Attachment of Decision of Chairman of Bapepam Number: Kep-14/PM/2002 dated 14 August 2002, concerning Guidelines for Management Contracts of Corporate Investment Fund;
- f. Bapepam-LK Rule Number IV.B.2, Attachment of Decision of the Chairman of Bapepam-LK Number: KEP-553/BL/2010 dated 30 December 2010 concerning Guidelines for Contract of Investment Fund In The Form of Collective Investment Contracts;
- g. Bapepam Rule Number IV.D.2, Attachment of Decision of Chairman of Bapepam Number: Kep-20/PM/2004 dated 29 April 2004, concerning the Investment Fund Investor Profile;
- h. Bapepam-LK Rule Number V.D10, Attachment of Decision of the Chairman of Bapepam-LK Number: Kep-476/BL/2009 dated 23 December 2009 concerning Know Your Customer Principles By Financial Service Providers in the Capital Market Area;
- i. Bapepam-LK Rule Number IV.C.2, Attachment of Decision of the Chairman of Bapepam-LK Number: Kep-367/BL/2012 dated 9 July 2012 concerning Fair Market Value of Securities in the Investment Fund Portfolio Portfolio of an Investment Fund;
- j. Bapepam-LK Rule Number IV.C.3, Attachment Decision of the Chairman of Bapepam-LK Number: Kep-516/BL/2012 dated 21

September 2012 concerning Guidelines for Daily Announcements of Net Asset Value of Open-end Investment Fund;

- k. Bapepam-LK Rule Number. IV.C.4, Attachment of Decision of the Chairman of Bapepam-LK Number: Kep-262/BL/2011 dated 31 May 2011 concerning Guidelines for the Management of Protected Funds, Guaranteed Fund and Index Fund; and
- l. Bapepam-LK Rule Number V.B.4, Attachment of Decision of the Chairman of Bapepam-LK Number: Kep-11/BL/2006 dated 30 August 2006 concerning Investment Fund Selling Agent Code of Conduct Code of Conduct for Investment Fund Selling Agent.

II. APPLICATION OF DIRECT MEETING (FACE TO FACE) ON ACCEPTANCE OF INVESTMENT FUND HOLDERS THROUGH ELECTRONIC ACCOUNT OPENING

- 1. Direct meeting (face to face) on acceptance of investment fund holders through electronic account opening using a system provided by the Investment Manager shall comply with the following provisions:
 - a. Investment Manager may use direct meeting (face to face) performed by Commercial Bank and/or Investment Fund Selling Agent.
 - b. Implementation of know “your customer principles” related to direct meeting (face to face) as referred to in letter a set by and under coordination of the Investment Manager.
 - c. Investment Manager shall:
 - 1) be responsible for the implementation of know your customer principle related to direct meeting (face to face) performed by Commercial Bank and/or Investment Fund Selling Agent with prospective Investment Fund holder;
 - 2) ensure that the information, data, and / or document submitted electronically by prospective Investment Fund holders are valid from the prospective Investment Fund holder

- who performed the direct meeting (face to face) with Commercial Bank and/or Investment Fund Selling Agent; and
- 3) ensure that the transactions made electronically by Investment Fund holders are valid from the Investment Fund holders who performed the direct meeting (face to face) with Commercial Bank and/or Investment Fund Selling Agent.
2. Implementation of direct meeting (face to face) in the acceptance of investment fund holders through electronic account opening using a system provided by Investment Fund Selling Agent can be performed by Investment Fund Selling Agent based on:
 - a. direct meeting (face to face) performed by Investment Fund Selling Agent ; or
 - b. direct meeting (face to face) performed by Commercial Bank.

III. PROCEDURES ON ELECTRONIC SUBSCRIPTION AND REDEMPTION OF INVESTMENT FUND

1. Investment Manager may conduct electronic subscription and redemption of Investment Funds, with the provisions that the Investment Manager shall first:
 - a. have an electronic system of Subscription and Redemption of Investment Fund;
 - b. include the procedures of electronic Subscription and Redemption of Investment Fund in the Collective Investment Contract and/or Prospectus; and
 - c. obtained approval from the Financial Services Authority.
2. Electronic Subscription and Redemption of Investment Fund as referred to in number 1 can be performed by an Investment Fund Selling Agent.
3. Electronic Subscription and Redemption of Investment Fund as referred to in number 1.a, shall provide the information electronically to the investor, which at least contain:

- a. Current electronic Prospectus which has the same contents as the printed Prospectus; and
 - b. Procedures of electronic Subscription and Redemption of Investment Fund.
- 4. Information and electronic Prospectus as referred to in number 3 shall be at least:
 - a. use Indonesian language and may be accompanied by its translation in a foreign language; and
 - b. provide an easy to understand and communicative presentation of information, data, and/or document.
- 5. Electronic system used by Investment Manager or Investment Fund Selling Agent in performing electronic Subscription and Redemption of investment Fund shall at least:
 - a. be free from the possibility of unauthorized access;
 - b. have a proven reliability
 - c. provide an audit trail of all electronic Subscription and Redemption of Investment Fund for the purposes of supervision, law enforcement, dispute resolution, verification, testing, and other inspection; and
 - d. have obtained recommendation from competent authority,as referred to in Law Number 11 Year 2008 concerning Information and Electronic Transactions and its implementing regulations.
- 6. Electronic Subscription and Redemption of Investment Fund can only be performed if the investor has had an Investment Fund account and was registered to conduct electronic Subscription and Redemption of Investment Funds in the system provided by Investment Manager or Investment Fund Selling Agent.
- 7. In conducting electronic Subscription and Redemption of Investment Fund, Investment Manager or Investment Fund Selling Agent shall

ensure that investor has performed registration in the electronic system.

8. In the process of registration as referred to in number 7, Investor shall fill the investor data in the electronic system application provided by Investment Manager or Investment Fund Selling Agent and submit supporting document to obtain user identity and password as the access to perform electronic Subscription and Redemption of Investment Fund.
9. Investment Manager or Investment Fund Selling Agent performing electronic Subscription and Redemption transaction of Investment Fund shall verify that the data submitted electronically by the investor conforms with the supporting document.
10. If the verification results as referred to in number 9 have conformed with the supporting document, the Investment Manager or Investment Fund Selling Agent convey user identity and password to investor.
11. Investment Manager or Investment Fund Selling Agent shall provide security system for any electronic Subscription and Redemption transaction of Investment Fund performed by Investment Fund account holders.
12. If the verification of electronic information and supporting document as referred to in number 9 is performed by Investment Fund Selling Agent then:
 - a. Investment Fund Selling Agent shall convey investor electronic information and supporting document to Investment Manager; and
 - b. Investment Manager shall ensure that the electronic information and supporting document conveyed by the Investment Fund Selling Agent as referred to in letter a conform with electronic information and supporting document submitted by the investor to Investment Fund Selling Agent.

13. Electronic Subscription and Redemption of Investment Fund conducted by Investment Fund Selling Agent shall be carried out under the coordination of Investment Manager.
14. Investment Fund Selling Agent performing electronic Subscription and Redemption of Investment Fund shall give information and document of Investment Fund holders to Investment Manager with the provision that all information and document of Investment Fund holders can only be used for the Investment Fund activities.
15. Electronic Subscription and Redemption of Investment Fund can only be performed by investor after:
 - a. having an Investment Fund account;
 - b. being registered to perform electronic Subscription and Redemption of Investment Fund; and
 - c. obtaining user identity, password, and security system for any electronic transactions from Investment Manager or Investment Fund Selling Agent.
16. Investment Manager or Investment Fund Selling Agent performing electronic Subscription and Redemption of Investment Fund shall submit all document related to transactions of Investment Fund holders to Custodian Bank safekeeping the Investment Fund assets.
17. Custodian Bank administrating electronic Subscription and Redemption of Investment Fund shall:
 - a. keep all document and the Investment Fund assets;
 - b. issue written confirmation of Subscription and Redemption of Investment Fund;
 - c. send the confirmation as referred to in letter b to Investment Fund holders using courier service or e-mail; and
 - d. ensure that the proceeds from the Redemption of Investment Fund are paid :
 - 1) to an account registered in the name of the Investment Fund holder performing redemption; or

- 2) to an account in the name of another Investment Funds managed by the same Investment Manager in accordance with instruction of Investment Fund holder for the payment of other Investment Fund Subscription by and on behalf of the Investment Fund holders performing the redemption.
18. Custodian Bank administrating electronic Subscription and Redemption of Investment Fund shall comply with the provisions in this the Financial Services Authority Circular Letter and prevailing rules and regulations.
19. Each electronic Subscription and Redemption transaction of Investment Fund occurred using user identity and password of Investment Fund holders is the responsibility of the Investment Fund holders.
20. Investment Manager shall administer and maintain data related to electronic Subscription and Redemption of Investment Fund at least 5 (five) years.
21. Investment Manager shall be responsible for any loss of Investment Fund holder caused by the failure of the system of electronic Subscription and Redemption of Investment Fund owned by the Investment Manager or Investment Fund Selling Agent, unless the failure is due to force majeure, such as natural disasters.

IV. TRANSITION

Investment Manager and/or the Investment Fund Selling Agent who has been performing electronic Subscription and Redemption of Investment Fund prior to the enactment of this of the Financial Services Authority Circular Letter, shall:

- a. adjust with the provisions in this Financial Services Authority Circular Letter no later than 6 (six) months from the date of enactment; and

- b. report the results of adjustment with the provisions in this Circular Letter to the Financial Services Authority Circular Letter no later than 15 (fifteen) days after adjustment period as referred to in letter a has elapsed.

V. CLOSING

This Financial Services Authority Circular Letter shall become effective since the date of its enactment.

For public cognizance, it is ordered that this FSA Circular Letter shall be promulgated in the Official Gazette of the Republic of Indonesia

Enacted in Jakarta

on

CHIEF EXECUTIVE CAPITAL MARKET SUPERVISOR,

Signed

NURHAIDA